

Message Text

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PAGE 01 BRUSSE 10679 01 OF 02 011904Z
ACTION EUR-12

INFO OCT-01 ARA-10 IO-13 ISO-00 AID-05 CEA-01 CIAE-00
COME-00 EB-08 FRB-03 INR-10 NSAE-00 SP-02 STR-07
TRSE-00 LAB-04 SIL-01 OMB-01 EA-10 NEA-11 ICA-11
OPIC-03 AGRE-00 SS-15 /128 W
-----039330 011926Z /64

R 011736Z JUN 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 6982
INFO ALL EC CAPITALS
AMEMBASSY MOSCOW
AMEMBASSY BERLIN
AMEMBASSY BUCHAREST
AMEMBASSY BUDAPEST
AMEMBASSY PRAGUE
AMEMBASSY SOFIA
AMEMBASSY WARSAW
USMISSION USBERLIN
USMISSION GENEVA
USMISSION USNATO
USINT HAVANA

C O N F I D E N T I A L SECTION 01 OF 02 BRUSSELS 10679

USEEC

E.O. 11652: GDS
TAGS: EC, COMECON, EEWT
SUBJ: EC-CEMA TALKS

REF: BRUSSELS 10365

1. SUMMARY. WHILE EC COMMISSION ACKNOWLEDGES THAT
PROGRESS TOWARD AN EC-CEMA AGREEMENT COULD STILL BE SLOW,
COMMISSION'S DIRECTOR GENERAL FOR EXTERNAL RELATIONS,
IN SUMMARIZING MAY 29-30 MOSCOW TALKS FOR THE AMBASSADOR,
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SAID COMMISSION THINKS MOSCOW ROUND MARKED AN "IRREVERS-
IBLE" TURNING POINT AND THAT ULTIMATELY "SOME KIND OF
EC-CEMA AGREEMENT" WILL EVENTUATE. NEXT ROUND OF TALKS,
AT EXPERTS LEVEL, IS TO BE HELD IN BRUSSELS THIS SUMMER,
PROBABLY IN JULY. END SUMMARY.

2. SIR ROY DENMAN, AT HIS OWN INITIATIVE, BRIEFED THE

AMBASSADOR AND POL COUNSELOR MAY 31 ON THE JUST-CONCLUDED MOSCOW ROUND OF EC-CEMA NEGOTIATIONS. DENMAN BEGAN BY GIVING US TEXTS OF: (A) COMMISSION VICE PRESIDENT HAFERKAMP'S OPENING STATEMENT IN MOSCOW (BRUSSELS 10608); (B) JOINT COMMUNIQUE ISSUED AT CONCLUSION OF TALKS (BRUSSELS 10607); AND (C) A JOINTLY AGREED AIDE MEMOIRE ON WHERE THE EC-CEMA DISCUSSIONS CURRENTLY STAND (TEXT BEING SENT SEPTTEL).

3. DENMAN SKETCHED THE BACKGROUND OF THE MOSCOW TALKS AND THE COMMUNITY'S OBJECTIVES ALONG THE LINES HAFERKAMP FOLLOWS IN DISCUSSING EC-CEMA RELATIONS MAY 25 WITH UNDER-SECRETARY COOPER (REFTEL). DENMAN NOTED THAT IN HIS OPENING STATEMENT IN MOSCOW HAFERKAMP EMPHASIZED: (A) EC'S INTEREST IN NORMALIZING RELATIONS WITH INDIVIDUAL CEMA COUNTRIES; (B) THAT EC'S AND CEMA'S DIFFERING COMPETENCIES PRECLUDE THE CONCLUSION OF THE KIND OF WIDE-RANGING AGREEMENT, TO INCLUDE TRADE, PROPOSED BY CEMA BUT THAT, NONETHELESS, THE TWO SIDES CAN USEFULLY CONCLUDE A LESS AMBITIOUS AGREEMENT; AND (C) THAT ANY AGREEMENT SHOULD RESPECT THE GOALS, INSTITUTIONAL RULES, AND PRACTICES OF THE RESPECTIVE ORGANIZATIONS.

4. ACCORDING TO DENMAN, FADEYEV, CEMA SECRETARY, IN A LENGTHY REPLY AGAIN SUGGESTED THAT THE PARTIES SHOULD WORK TOWARD A BROADER AGREEMENT THAN THE ONE ENVISAGED BY THE CONFIDENTIAL

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EC AND THAT, SPECIFICALLY, TRADE SHOULD BE INCLUDED. (IN ALLUDING TO THIS DURING A BRUSSELS PRESS CONFERENCE MAY 31, HAFERKAMP SAID HIS OPPOSITE NUMBER HAD TOLD HIM "THE FIELD FOR AGREEMENT IS LARGE.") HAFERKAMP REPEATED THAT SINCE CEMA CANNOT COMMIT ITS MEMBERS ON THE SPECIFICS OF TRADE, THIS WOULD NOT BE POSSIBLE.

5. DENMAN SAID CEMA PRESENTED THE COMMISSION THE RUSSIAN TEXT OF AN AIDE MEMOIRE OR "PROTOCOL" WHICH THE CEMA SIDE THOUGHT MIGHT SERVE AS A USEFUL SUMMARY OF WHERE NEGOTIATIONS CURRENTLY STAND. AFTER STUDYING IT, EC COUNTERED THAT IT SHOULD BE A JOINTLY-AGREED DOCUMENT AND RECOMMENDED SOME CHANGES/ADDITIONS. THE FINAL DOCUMENT REVIEWS THE POINTS ON WHICH THE TWO SIDES AGREE AND ALSO LAYS OUT THEIR DIFFERENCES. DENMAN NOTED THAT IT INDICATES, AS DOES THE SHORTER, PUBLISHED COMMUNIQUE ENDING THE TALKS, THAT THERE WILL BE FURTHER DISCUSSIONS AT THE EXPERTS LEVEL IN BRUSSELS THIS SUMMER (PROBABLY IN JULY) AND AT THE "POLITICAL LEVEL" IN THE FALL. HE NOTED THAT THE AIDE MEMOIRE STATES THAT THE EXPERTS MEETING WILL SURVEY THE WHOLE FIELD OF POTENTIAL EC-CEMA RELATIONS AND MAKE RECOMMENDATIONS FOR NEXT STEPS IN THE NEGOTIATIONS. (IN

HIS PRESS CONFERENCE, HAFERKAMP SAID THAT, AMONG OTHER THINGS, THE EXPERTS WILL BEGIN TO DISCUSS THE KIND OF ECONOMIC AND ENVIRONMENTAL INFORMATION THE TWO ORGANIZATIONS MIGHT USEFULLY EXCHANGE.) ACCORDING TO DENMAN, THE COMMISSION WAS PARTICULARLY PLEASED TO GET INTO THE AIDE MEMOIRE THE LANGUAGE FROM HAFERKAMP'S OPENING STATEMENT TO THE EFFECT THAT ANY AGREEMENT SHOULD RESPECT THE GOALS, INSTITUTIONAL RULES, AND PRACTICES OF THE TWO ORGANIZATIONS.

7. DENMAN SAID THIS WAS THE MOST CORDIAL ROUND OF DISCUSSIONS TO DATE AND THAT THE COMMISSION TEAM CAME AWAY FROM MOSCOW CONVINCED THAT CEMA NOW WANTS TO CONCLUDE AN

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C O N F I D E N T I A L SECTION 02 OF 02 BRUSSELS 10679

USEEC

AGREEMENT WITH THE EC. HE SUGGESTED THAT AS A RESULT OF THE MOSCOW ROUND, "A PAGE HAS BEEN TURNED. WE NOW HAVE AN IRREVERSIBLE PROCESS UNDERWAY, AND WE ARE MOVING TOWARD

SOME KIND OF EC-CEMA AGREEMENT." DENMAN SAID THAT APART FROM AGREEING ON NEXT STEPS IN THE NEGOTIATIONS, THE MOSCOW ROUND HAD PRESENTED A GOOD OPPORTUNITY FOR THE TWO SIDES TO GET TO KNOW EACH OTHER BETTER AND TO LEARN MORE ABOUT EACH OTHER'S ORGANIZATIONS.

8. IN REPLY TO THE AMBASSADOR'S QUESTION, DENMAN SAID
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THAT WHILE CEMA OBVIOUSLY IS NOT NOW AUTHORIZED TO ACCEPT EC'S DESIRE TO CONCLUDE BILATERAL RELATIONS WITH INDIVIDUAL CEMA STATES, THE CEMA DELEGATION DID NOT CHALLENGE HAFERKAMP'S OPENING REMARKS ON THIS POINT.

9. IN REPLY TO AMBASSADOR'S QUERY WHETHER COMMISSION STILL EXPECTS SLOW PROGRESS TOWARD AN AGREEMENT (REFTEL), DENMAN SAID IT IS HARD TO SAY, SINCE ONLY CEMA MEMBERS KNOW AT WHAT PACE THEY ARE PREPARED TO MOVE. (IN HIS PRESS CONFERENCE, HAFERKAMP CAUTIONED THAT SUCH AGREEMENTS ARE NOT CONCLUDED OVERNIGHT, BUT SAID HE WAS CONVINCED A NEGOTIATING PROCESS IS NOW UNDERWAY.)

10. DENMAN SAID THE CEMA DELEGATION WAS OBVIOUSLY "MULTI-NATIONAL," ALTHOUGH UNLIKE LAST SEPTEMBER IN BRUSSELS WHEN THERE APPEARED TO BE NO CEMA MEMBER STATE OFFICIALS SITTING ON THE DELEGATION. DENMAN OBSERVED THAT FADEYEV HAD STRUCK THE EC DELEGATION AS "NOT OVERLY INTELLIGENT" AND THAT THERE ARE RUMORS THAT HE MAY NOT BE WITH CEMA MUCH LONGER.

11. FINALLY, IT WAS THE JUDGMENT OF THE COMMISSION THAT FEDAYEV DID NOT HAVE A FULLY CLEARED "MANDATE". DENMAN UNDERSTOOD THAT THE ROMANIANS HAD BLOCKED THAT. THE ABSENCE FROM THE TALKS OF HARD-LINER MR. MOISEENKO (HEAD OF CEMA SECRETARIAT EXTERNAL TRADE DEPARTMENT), SAID TO BE "ILL", HAD HELPED AND MAY HAVE BEEN DELIBERATE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENTS, REGIONAL ORGANIZATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 01 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BRUSSE10679
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780229-1177
Format: TEL
From: BRUSSELS USEEC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197806109/aaaadpld.tel
Line Count: 211
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 9eaac97d-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 BRUSSELS 10365
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 18 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2167276
Secure: OPEN
Status: NATIVE
Subject: EC-CEMA TALKS
TAGS: EEWT, EC, COMECON
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/9eaac97d-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014